

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

Liquidating Supply, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Hearing Date: October 2, 2024 at 10:00 a.m. (ET)

Objection Deadline: September 13, 2024 at 4:00 p.m. (ET)

**DEBTORS' FOURTH OMNIBUS MOTION FOR ENTRY OF AN  
ORDER (I) AUTHORIZING THE DEBTORS TO REJECT CERTAIN  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES AS OF  
AUGUST 30, 2024 AND (II) GRANTING RELATED RELIEF**

**PARTIES RECEIVING THIS MOTION SHOULD LOCATE THEIR  
NAMES AND THEIR CONTRACTS LISTED ON EXHIBIT 1  
TO THE PROPOSED ORDER ATTACHED HERETO AS EXHIBIT A.**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) hereby submit this motion (this “Motion”) for an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), pursuant to sections 105(a) and 365 of title 11 of the United States Code (the “Bankruptcy Code”) and rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) authorizing the Debtors to reject certain executory contracts and unexpired leases (the “Contracts” and each individually, a “Contract”) identified on Exhibit 1 to the Proposed Order,

<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.



effective as of August 30, 2024 and (ii) granting certain related relief. In support hereof, the Debtors respectfully submit as follows:

**JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (this “Court”) has jurisdiction over these Chapter 11 Cases, the Debtors, property of the Debtors’ estates, and these matters under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A).

2. Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. Venue of these Chapter 11 Cases in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105 and 365 of the Bankruptcy Code and Rules 6006 and 6007 of the Bankruptcy Rules.

**GENERAL BACKGROUND**

5. On May 21, 2024 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. These Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b). *See* Docket No. 45. The Debtors are operating their business and managing their properties, as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On June 3, 2024, the

Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “Committee”). *See* Docket No. 82. As of the date hereof, no trustee or examiner, has been appointed in these Chapter 11 Cases.

6. The Debtors are leading distributors of branded and private label personal protective equipment and janitorial, safety, hygiene, and sanitation products. The Debtors’ key products fall into the categories of gloves, core cleaning, safety, and food service. Working directly with suppliers and vendors in the United States and Asia, the Debtors source, supply, and ship their products to a diverse customer base, including janitorial and sanitation providers, supply distributors, safety products resellers and wholesalers, and food service and food processing distributors and retailers. Additionally, the Debtors offer advanced customization capabilities, hot stamping, pad printing, and silk-screening labeling services for unique design, logo, or packaging specification requested by customers.

7. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Thomas Studebaker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 3] (the “First Day Declaration”), which is incorporated herein by reference.<sup>2</sup>

### **FACTS RELEVANT TO THIS MOTION**

8. As set forth in greater detail in the First Day Declaration and the *Debtors’ Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Designating the Stalking Horse Bidder, (C) Scheduling an Auction and*

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration or the Sale Order (as defined below).

*Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 16], the Debtors initiated these Chapter 11 Cases to execute a value-maximizing sale of all or substantially all of the Debtors' business and assets.

9. On July 10, 2024, the Court entered the *Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 222] (the "Sale Order"), whereby the Court approved the sale of substantially all of the Debtors' assets (the "Sale") to the Purchaser. The Sale closed on July 19, 2024. See Docket No. 257.

10. On August 9, 2024, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Granting Interim Approval of the Adequacy of Disclosures in the Combined Plan and Disclosure Statement; (II) Scheduling a Combined Hearing and Setting Deadlines Related Thereto; (III) Approving Solicitation Packages and Procedures; (IV) Approving the Form of Ballot; and (V) Granting Related Relief* [Docket No. 288], whereby the Debtors requested interim approval of the adequacy of disclosures contained in the *Combined Joint Chapter 11 Plan of Liquidation and Disclosure Statement of Supply Source Enterprises, Inc. and Its Debtor Affiliates* [Docket No. 281] (the "Combined Plan and Disclosure Statement") and approval of the solicitation procedures contained therein.

11. In connection with their efforts to preserve and maximize the value of their estates, the Debtors have identified the Contracts as no longer necessary or beneficial to the Debtors' goal of winding down their operations and maximizing value for all creditors and stakeholders. The Contracts include certain representative agreements and equipment leases. The Contracts do not benefit the Debtors on a going-concern basis and, thus, should be rejected rather than cause the Debtors' estates to potentially accrue administrative expenses in the form of payments under the Contracts. Accordingly, in the exercise of their business judgment, the Debtors seek to reject the Contracts as of August 30, 2024.

### **RELIEF REQUESTED**

12. By this Motion the Debtors seek entry of the Proposed Order authorizing the Debtors to reject the Contracts, effective as of August 30, 2024 and granting related relief.

### **BASIS FOR RELIEF**

13. Section 365(a) of the Bankruptcy Code provides that a debtor, "subject to the court's approval, may assume or reject any executory contract or unexpired lease." 11 U.S.C. § 365(a). Courts routinely approve motions to reject executory contracts or unexpired leases upon a showing that the debtor's decision to take such action will benefit the debtor's estate and is an exercise of sound business judgment. *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (stating that the traditional standard applied by courts to authorize the rejection of an executory contract is that of "business judgment"); *see also In re Taylor*, 913 F.2d 102 (3d Cir. 1990); *In re Buckhead Am. Corp.*, 180 B.R. 83 (Bankr. D. Del. 1995).

14. Courts generally will not second-guess a debtor's business judgment concerning the rejection of an executory contract or unexpired lease. *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) ("A debtor's decision to reject an executory contract must be summarily affirmed unless it is the product of bad faith, or whim or caprice." (internal

quotations omitted)). The “business judgment” test is not a strict standard; it merely requires a showing that either assumption or rejection of the executory contract or unexpired lease will benefit the debtor’s estate. *N.L.R.B. v. Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) (noting that the “usual test for rejection of an executory contract is simply whether rejection would benefit the estate”) *aff’d*, 465 U.S. 513. Further, “[s]ection 365 enables the trustee to maximize the value of the debtor’s estate by assuming executory contracts and unexpired leases that benefit the estate and rejecting those that do not.” *L.R.S.C. Co. v. Rickel Home Centers, Inc. (In re Rickel Home Centers, Inc.)*, 209 F.3d 291, 298 (3d Cir. 2000); *see also Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (section 365 of the Bankruptcy Code “allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed”).

15. The Debtors have validly exercised their business judgment by electing to reject the Contracts. As stated above, the Debtors have no use for the Contracts because they sold substantially all of their assets to the Purchaser. Additionally, the Debtors seek to liquidate their remaining assets and winddown their operations, as further detailed in the Combined Plan and Disclosure Statement. Accordingly, the Debtors respectfully submit that it is appropriate, and within the Debtors’ business judgment, to reject the Contracts as of August 30, 2024 to reduce any potential administrative burden to the estates.

16. Rejection as of August 30, 2024 is appropriate here because the Purchaser does not wish to take on the Debtors’ obligations under the Contracts and the Debtors intend to winddown their operations through the Combined Plan and Disclosure Statement, making the Contracts unnecessary for the Debtors on a go forward basis. Rejection of the Contracts as of August 30,

2024 will preserve estate resources to the benefit of the Debtors' stakeholders by minimizing administrative expenses during the plan confirmation process.

17. Accordingly, the decision to reject the Contracts as of August 30, 2024 is a proper exercise of the Debtors' business judgment, and rejection of the Contracts therefore should be approved pursuant to section 365(a) of the Bankruptcy Code.

**REQUEST FOR IMMEDIATE RELIEF & WAIVER OF STAY**

18. Pursuant to Bankruptcy Rule 6004(h), the Debtors seek a waiver of any stay of the effectiveness of an order granting this Motion, to the extent that it is applicable. Bankruptcy Rule 6004(h) provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise.” The relief requested herein is essential to avoid the potential accrual of unnecessary administrative expenses. Accordingly, the Debtors submit that, to the extent that Bankruptcy Rule 6004(h) applies, ample cause exists to justify a waiver of the fourteen-day stay.

**NOTICE**

19. Notice of this Motion will be provided to the following parties or their respective counsel: (a) the U.S. Trustee; (b) counsel to the Committee; (c) counsel to the DIP Lender; (d) counsel to the Prepetition Secured Parties; (e) the Contract counterparties; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice is necessary.

**CONCLUSION**

**WHEREFORE**, the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as is just.

Dated: August 30, 2024  
Wilmington, Delaware

Respectfully submitted,

/s/ Shannon A. Forshay

M. Blake Cleary (No. 3614)

R. Stephen McNeill (No. 5210)

Katelin A. Morales (No. 6683)

Shannon A. Forshay (No. 7293)

**POTTER ANDERSON & CORROON LLP**

1313 N. Market Street, 6<sup>th</sup> Floor

Wilmington, Delaware 19801

Telephone: (302) 984-6000

Facsimile: (302) 658-1192

Email: bcleary@potteranderson.com

rmcneill@potteranderson.com

kmorales@potteranderson.com

sforshay@potteranderson.com

-and-

Felicia Gerber Perlman (admitted *pro hac vice*)

Bradley Thomas Giordano (admitted *pro hac vice*)

Carole M. Wurzelbacher (admitted *pro hac vice*)

**McDERMOTT WILL & EMERY LLP**

444 West Lake Street

Chicago, IL 60606-0029

Telephone: (312) 372-2000

Facsimile: (312) 984-7700

Email: fperlman@mwe.com

bgiordano@mwe.com

cwurzelbacher@mwe.com

*Counsel to the Debtors and Debtors in Possession*



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Hearing Date: October 2, 2024 at 10:00 a.m. (ET)

Objection Deadline: September 13, 2024 at 4:00 p.m. (ET)

**NOTICE OF DEBTORS' FOURTH OMNIBUS MOTION  
FOR ENTRY OF AN ORDER (I) AUTHORIZING  
THE DEBTORS TO REJECT CERTAIN UNEXPIRED LEASES  
AS OF AUGUST 30, 2024 AND (II) GRANTING RELATED RELIEF**

**PLEASE TAKE NOTICE** that the above-captioned debtors and debtors in possession (collectively, the "Debtors"), filed the *Debtors' Fourth Omnibus Motion for Entry of an Order (I) Authorizing the Debtors to Reject Certain Unexpired Leases as of August 30, 2024 and (II) Granting Related Relief* (the "Motion") with the United States Bankruptcy Court for the District of Delaware (the "Court").

**PLEASE TAKE FURTHER NOTICE** that objections to the Motion, if any, must be in writing, filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 3<sup>rd</sup> Floor, 824 North Market Street, Wilmington, Delaware 19801, on or before **September 13, 2024 at 4:00 p.m. (ET)** (the "Objection Deadline") and served upon and received by the undersigned attorneys for the Debtors.

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor's federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors' headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

**PLEASE TAKE FURTHER NOTICE** that, if any objections to the Motion are received, the Motion and such objections shall be considered at a hearing before the Honorable Brendan L. Shannon at the Bankruptcy Court, 824 Market Street, 6th Floor, Courtroom No. 1, Wilmington, Delaware 19801 on **October 2, 2024 at 10:00 a.m. (ET)**.

**IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.**

Dated: August 30, 2024  
Wilmington, Delaware

Respectfully submitted,

/s/ Shannon A. Forshay

M. Blake Cleary (No. 3614)

R. Stephen McNeill (No. 5210)

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**POTTER ANDERSON & CORROON LLP**

1313 N. Market Street, 6<sup>th</sup> Floor

Wilmington, Delaware 19801

Telephone: (302) 984-6000

Facsimile: (302) 658-1192

Email: bcleary@potteranderson.com

rmcneill@potteranderson.com

kmorales@potteranderson.com

sforshay@potteranderson.com

-and-

Felicia Gerber Perlman (admitted *pro hac vice*)

Bradley Thomas Giordano (admitted *pro hac vice*)

Carole M. Wurzelbacher (admitted *pro hac vice*)

**McDERMOTT WILL & EMERY LLP**

444 West Lake Street

Chicago, IL 60606-0029

Telephone: (312) 372-2000

Facsimile: (312) 984-7700

Email: fperlman@mwe.com

bgiordano@mwe.com

cwurzelbacher@mwe.com

*Counsel to the Debtors and Debtors in Possession*

**EXHIBIT A**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:  Liquidating Supply, Inc., <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 24-11054 (BLS)  (Jointly Administered)  <b>Re: Docket No.</b> _____
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**ORDER (I) AUTHORIZING THE DEBTORS TO REJECT CERTAIN  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES AS OF  
AUGUST 30, 2024 AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned cases (the “Debtors”) for entry of an order, pursuant to sections 105(a) and 365 of the Bankruptcy Code and rules 6006 and 6007 of the Bankruptcy Procedure; and the Court having reviewed the Motion and having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this district pursuant to 28 U.S.C. § 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), and (iv) notice of the Motion was adequate and that no other or further notice is necessary; and after due deliberation the Court having determined that the relief requested in the Motion is necessary and essential for the administration of the Debtors’ estates and such relief is in the best interests of the Debtors, their estates, their creditors, and all other parties-in-interest; and the legal and factual bases set forth in the Motion having established just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

<sup>2</sup> Capitalized terms used herein as defined terms and not otherwise defined shall have those meanings ascribed to them in the Motion.

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. Pursuant to sections 105(a) and 365(a) of the Bankruptcy Code, each of the Contracts set forth on **Exhibit 1** attached hereto is hereby rejected effective as of August 30, 2024.
3. The Debtors are hereby authorized to execute and deliver all instruments and documents, and take such other actions as may be necessary or appropriate, to implement and effectuate this Order.
4. Notwithstanding the relief granted herein and any actions taken hereunder, nothing in the Motion or this Order shall: (a) constitute an admission as to the validity or priority of any claim against the Debtors; (b) constitute a waiver of the Debtors' rights to dispute any claim; or (c) constitute a determination that the Contracts were executory, unexpired, or otherwise not in full force and effect as of August 30, 2024.
5. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon its entry.
6. Within two business days after entry of this Order, the Debtors shall serve a copy of this Order on the Contract counterparties.
7. Any rejection damage claims shall be filed by the respective Contract counterparty within thirty (30) days after service of this Order.
8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

**Exhibit 1****Rejected Contracts<sup>1</sup>**

<b>Debtor(s)</b>	<b>Counterparty</b>	<b>Rejected Contract/Lease</b>	<b>Rejection Date</b>
Liquidating Impact, LLC (f/k/a Impact Products, LLC)	Sparks Global Marketing	Canada Manufacturer Representative Partner Agreement	August 30, 2024
Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.)	International Sanitary Supply Association (“ISSA”)	One-time Tradeshow contract	August 30, 2024
Liquidating Impact, LLC (f/k/a Impact Products, LLC)	ADP Consulting	Manufacturer Representative Partner Agreement	August 30, 2024
Liquidating Impact, LLC (f/k/a Impact Products, LLC)	Great America Financial Services	Copier Lease	August 30, 2024
Liquidating SZ, LLC (f/k/a The Safety Zone, LLC)	Wells Fargo Equipment Finance	Lexmark printer lease	August 30, 2024
Supply Source Enterprise, Inc.	Nogin Commerce, Inc.	E-Commerce Services Agreement	August 30, 2024
Liquidating Impact, LLC (f/k/a Impact Products, LLC)	Balkamp Inc.	Customer Contract	August 30, 2024
Liquidating SZ, LLC (f/k/a The Safety Zone, LLC)	Pure Water Partners	Utility provider	August 30, 2024

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<sup>1</sup> Each, as may be amended, modified, or supplemented from time to time and together with any schedules, addendums, work orders, and services orders thereto.